

Donald R. Meyer, Commissioner

Money Transmitter Regulators Association Conference

October 7, 2002, La Jolla, San Diego County

"TRANSFER OF MONEY ACROSS NATIONAL BORDERS

- A Call for New Regulatory Initiatives"

Thank you Vic for the introduction. As you all know, Vic Seesholtz, is presently the Chief of the Compliance Division; Bureau of Licensing, Compliance, and Consumer Services, of the Pennsylvania Department of Banking.

Vic began his career with the Department as a field examiner in 1975, following 12 years experience in the financial services industry. Since joining the Pennsylvania Department of Banking, he has held various positions in the supervision of credit unions, money transmitters, and non-depository licensed lenders.

He became active in the Money Transmitter Regulators Association (MTRA) in 1995 and joined the Board in 1998, and of course now serves as President of MTRA.

Vic and his wife Sue have one daughter and a 7-year-old football-playing grandson!

I am very pleased to be here with you today.

We are all here at the 12th annual MTRA conference, a key industry/regulator forum. Many of you already know each other from previous conferences and will continue using this as networking opportunity with colleagues around the country. Last year, the conference was held in San Antonio at the River Walk, hosted by the Texas Banking Department. I would like to acknowledge and thank Commissioner Randall James for his support of MTRA for many years. He is unable to join us today.

This annual conference is a time to celebrate your successes. The occasion of this conference is also a time to address significant issues that affect the way regulators and money transmitters are doing business.

Again, in the spirit of cooperation and recognizing the importance of the events of September 11, as regulators, as an industry and as MTRA members, we are doing everything we can to help eliminate the use of our financial system by terrorists.

Today's conference calls for new regulatory initiatives. In addition to regulatory changes to ensure safety and soundness, the industry must also meet the challenges of the future with highly skilled and experienced staff.

In response to this need and member requests, an examiner School has been created by MTRA. The first class was held yesterday afternoon with approximately 40 participants. Let's take a moment to recognize MTRA members who were instrumental in the development of the examiner school:

Nanette Smith, Texas;

Julio Prada, California; and

Paul Fazio, New York

And congratulations to those who completed the course.

In January 2002, the Money Transmitter Regulators Cooperative Agreement was finalized and subsequently mailed to all State supervisors responsible for regulating money transmitters. This effort was more than 2 years in the making with over a dozen states providing substantive comments during the drafting process.

As of September 24, 2002, the Agreement was signed and effective for 22 states and Puerto Rico:

The Agreement was drafted by a MTRA committee in order to provide state regulators a framework to address regulatory issues on a nationwide basis. Specifically, the Agreement calls for the selection of "lead states" which will be responsible for examining or coordinating an exam on a specific multi-state money transmitter. Resulting examination reports would then be shared with all relevant signatory states.

MTRA has begun a joint examination program. To date, California and Texas have completed joint examinations of RIA Telecommunications, Inc and Travelex Currency Services, Inc.

I understand that California, Texas and New York will examine Servicio Uniteller, Inc. later this year.

And continuing in 2003, an examination of Bancomer Transfer Services, Inc. is planned by California and Texas;

Girosol Corporation - by California, New York and Texas; and

Vigo Remittance Corp - by California and New York

This joint examination program means that state examiners will work together, share information and produce a joint examination report, lessening the burden on the states and the licensees.

Welcome to La Jolla/San Diego

San Diego is known for its perfect weather. So you are sure to enjoy your stay.

The area is also known for its attractions. Fleet Week celebrations are underway – so you may hear the Marine Air Corps pilots flying over as they practice for next week's popular Miramar Naval Air Show.

San Diego is home to the Padres who just wrapped up their regular season and to the Chargers who will play their 3<sup>rd</sup> home game on Sunday. San Diego also boasts the beautiful

Balboa Park with 15 museums, art galleries, theaters, lush gardens, and the San Diego Zoo. For the golfers in the audience, I understand there are over 90 golf courses. And let's not leave out the 17 miles of beaches.

We are very pleased to host the 2002 MTRA Conference in California.

- More immigrants settle in California than in any other state.
  - Making up more than 30 percent of all immigrants to the US.
  - California is now home to roughly 35 million people, a 15 million increase over the past 30 years.
  - The State estimates that California's total population will rise from an estimated 35.4 million in 2001, to 36 million in 2002 and 36.5 million in 2003.
  - This translates into an annual growth rate of roughly 1.6 percent, which is well above the nation's current growth rate of about 1 percent annually.
  - *More than half-a-million people annually.*
  - About half of this yearly growth is attributed to net in-migration from other nations and states, while the remainder is due to "natural" increase (that is, births in excess of deaths).
  - Foreign in-migration dominates the net in-migration component, as over 200,000 people enter California from foreign countries annually.
  - One-in-four of California's current residents - 8.1 million people - were born outside of the United States. This compares to one-in-ten nationally.
  - Over three-fourths of foreign-born Californians live in the metropolitan areas of Los Angeles (4.8 million) or San Francisco (1.4 million).
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- About half of foreign-born Californians are Hispanic, while another third are Asian.

This immigration started during the early 1900s. And because most immigrants had family in their native countries, the money transmission industry began. The State of California licensed the first transmitters in 1936, they were the

American Express Company;

Thomas Cook & Sons Wagon-Lits, Inc.;

Cunard White Star Ltd; and

Hamburg – American Line – North German Lloyd

They were all located in Union Square, San Francisco.

Of the original four, Thomas Cook and American Express continue to serve California as money transmitters.

The transmitter industry is a steadily growing industry that serves many California residents who send money to the rest of the world, especially Mexico.

TMA volume for 2001 totaled \$4.75 billion (\$4,752,832,196.)

14,187,638 transactions

The California Department of Financial Institutions reports 55 licensed transmitters of money abroad, 9 issuers of payment instruments and 5 issuers of travelers checks. In addition, the number of approved agents and branches of agents has risen to roughly 12,000.

Again, welcome to California and thank you for the privilege of speaking to you today.

Enjoy the conference!